

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, on) Application No. NUSF-4
its own motion, seeking to determine)
the level of the fund necessary to) ORDER SETTING SURCHARGE
carry out the Nebraska Telecommuni-) FOR JULY 1, 2000
cations Universal Service Fund Act) THROUGH JUNE 30, 2001
be effective fiscal year beginning)
July 1, 1999.) Entered: June 6, 2000

APPEARANCES:

For the Commission:

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BY THE COMMISSION:

This docket was opened on April 15, 1999 on the Commission's own motion, to determine the level of the fund necessary to carry out the Nebraska Telecommunication Universal Service Fund Act. Neb. Rev. Stat. § 86-1409 states, in part, that "the Commission shall annually hold a public hearing to determine the level of the fund necessary to carry out the Nebraska Universal Service Fund Act." Notice of this hearing appeared in The Daily Record, Omaha, Nebraska, the Lincoln Journal Star, Lincoln, Nebraska, and the Omaha World Herald, Omaha, Nebraska on May 17, 2000 and again on May 24, 2000, pursuant to Neb. Rev. Stat. § 86-1409. The hearing was held in the Commission Hearing Room, Lincoln, Nebraska, on May 31, 2000, at 1:30 p.m. with appearances as shown above.

F I N D I N G S A N D C O N C L U S I O N S

Mr. Jeffrey Pursley, Director of the Nebraska Universal Service Fund, testified that the three goals of the Nebraska Universal Service Fund (NUSF), should remain the same. Those goals are to ensure that all Nebraskans, regardless of their location, have comparable access to telecommunications services at affordable prices, to help ensure the development of fair and equitable competition for all competitors and end users and to keep, at a minimum, 96 percent of Nebraska households subscribed to local telecommunications services.

Mr. Pursley also testified that the current mechanism was working well as it was competitively neutral and accomplishing the goals set forth in the Federal Telecommunications Act of 1996 and Nebraska Telecommunication Universal Service Fund Act. Mr. Pursley emphasized his support for a consistent rather than fluctuating surcharge. Mr. Pursley then recommended that the surcharge remain at 6.95 percent.

Mr. Pursley stated that his recommendation that the surcharge

remain at 6.95 percent was based on a number of underlying factors. One factor, he testified, was that requests for additional funding was pending in NUSF-7. Also, the Commission was currently investigating whether all implicit subsidies have been removed from the access prices of non-rural companies, and whether toll reductions constituted the removal of a subsidy. Next, he testified that additional money may be needed to support the implementation of advanced services. Mr. Pursley further testified that there was uncertainty as to whether Nebraska will receive any federal universal service support. Another factor in this recommendation was that the Commission has not yet adopted a cost model to determine costs at the end of the transition period. Further, lifeline support may need to be increased as a result of potentially declining telephone subscribership. Finally, Mr. Pursley testified that it was unclear as to whether the US West local rate deaveraging will have an impact on USF.

Upon review of the testimony given, the Commission is of the opinion that the recommendation of Mr. Pursley should be accepted. Accordingly, the Nebraska Universal Service Fund surcharge should continue to be set at 6.95 percent for the second year of operations beginning July 1, 2000, and extending through June 30, 2001.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that a 6.95 percent surcharge shall fund the Nebraska Universal Service Fund from July 1, 2000 to June 30, 2001.

IT IS FINALLY ORDERED that all affected telecommunications companies are hereby required to collect said surcharge and remit it to the Commission as set forth herein.

MADE AND ENTERED at Lincoln, Nebraska, this 6th day of June 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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